

STORAGE NAME: h3727.cfe

DATE: March 20, 1998

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
CHILDREN AND FAMILY EMPOWERMENT
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 3727

RELATING TO: Child care partnership program

SPONSOR(S): Brennan

COMPANION BILL(S): Similar SB1878

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) CHILDREN AND FAMILY EMPOWERMENT
 - (2) FAMILY LAW AND CHILDREN
 - (3) GOVERNMENTAL OPERATIONS
 - (4) HEALTH AND HUMAN SERVICES APPROPRIATIONS
 - (5)
-

I. SUMMARY:

This bill amends 409.178, F.S., pertaining to the Child Care Executive Partnership Act.

- ◆ The Child Care Partnership Act is renamed the Child Care Executive Partnership Act.
- ◆ Family income eligibility requirements for participation in the child care purchasing pools are extended to include working families whose income does not exceed 200 percent of the federal poverty level.
- ◆ Changes the composition of the partnership board.
- ◆ The Legislature is required to annually review the effectiveness of the child care purchasing pool program.
- ◆ The state resource and referral agency is authorized to administer the child care purchasing pool funds for statewide businesses.
- ◆ The bill provides for the development of procedures for disbursement of funds through the child care purchasing pools.
- ◆ All references to pilot child care purchasing pools are deleted.
- ◆ Parent fee requirements are revised.

The bill is not expected to have a fiscal impact.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Section 409.178, F.S., provides legislative findings that encourage onsite child care or other child care benefits. The Legislature finds when these benefits are provided, employers benefit by improved recruitment, higher retention rates for employees, lower absenteeism, and improved employee morale. The Child Care Partnership Act provides incentives for employers to contribute to meeting the needs of their employees' families through matching public dollars available for child care. The Child Care Partnership Program was created to utilize state and federal funds as incentives for matching funds derived from local governments, employers, charitable foundations, and other sources, so that Florida communities may create local flexible partnerships with employers. Low income working parents whose income does not exceed 150 percent of the federal poverty level are eligible for subsidized child care. The board of the Child Care Partnership program, staffed by the Department of Children and Family Services, determines which counties participate in the pilot program and the Legislature annually determines the amount of state or federal low-income child care funds to be used for the program. The child care purchasing pools are required to submit proposals in response to request for proposals issued by the Department of Children and Family Services. The community coordinated child care agency administers the child care purchasing pools. Parents are required to pay a fee based upon the department's subsidized child care sliding fee scale.

The Child Care Partnership has been operating since November of 1996. The Department of Children and Family Services reports 39 businesses currently participate in the program. Participating businesses represent a variety of industries including, but not limited to, banking, computers, food services, and health care. Employers, local government and other contributors contributed \$2 million to the partnership in the 1996-97 fiscal year and contributed \$4 million during the 1997-98 fiscal year.

The Florida Children's Forum is a statewide resource and referral agency for child care and works very closely with the community coordinated child care agencies throughout Florida. According to the Executive Director of the Florida Children's Forum, several major employers in Florida, including NationsBank, Peoples First Community Bank, Allstate, the City of Panama City, the St. Petersburg Times, Tech Data, Lincare, the Veterans Affairs Hospital in Pinellas County, and several nursing facilities in Pinellas County have stated they would be more likely to participate (or increase participation) in the child care cooperatives if the minimum income requirement were raised. Many of these businesses have low income employees whose income ranges from 150 to 200 percent of the federal poverty level.

B. EFFECT OF PROPOSED CHANGES:

The eligibility for low income working families to qualify for participation in the child care purchasing pools is raised from 150 percent to 200 percent of the federal poverty level.

The bill allows either the state resource and referral agency or the community coordinated child care agencies to administer the child care purchasing pools.

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Parents are required to pay a fee of at least the amount established by the Department of Children and Families but may be required to pay a higher fee.

Purchasing pools are no longer required to go through the Request for Proposals process. The partnership will develop procedures for the disbursement of funds to agencies that meet established criteria.

The bill also changes the name of the program to the Child Care Executive Partnership; eliminates the portion of the partnership that is to come from representatives of each of the ten pilot counties; and requires the Legislature to review effectiveness of the child care purchasing pools annually.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

N/A

- b. Does the bill require or authorize an increase in any fees?

The bill authorizes businesses to establish parent fee requirements different from the department's fee schedule. However, the fee must be at least to equal the amount identified in the department's subsidized sliding fee scale.

- c. Does the bill reduce total taxes, both rates and revenues?

N/A

- d. Does the bill reduce total fees, both rates and revenues?

N/A

- e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Yes, the parents pay a fee equal to or greater than a fee established by the Department of Children and Family Services.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

Community coordinated child care agencies or the state resource and referral agency, contracted and monitored by the Department of Children and Family Services

- (2) Who makes the decisions?

Community coordinated child care agencies or the state resource and referral agency, contracted and monitored by the Department of Children and Family Services

- (3) Are private alternatives permitted?

The Child Care Executive Partnership is a public/private partnership.

- (4) Are families required to participate in a program?

No

- (5) Are families penalized for not participating in a program?

No

- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

Department of Children and Family Services

D. STATUTE(S) AFFECTED:

Section 409.178, F.S.

E. SECTION-BY-SECTION RESEARCH:

Section 1 amends Section 409.178, F.S.

- changes the title of the partnership program;
- extends family income eligibility requirements for participation in child care purchasing pools to families with income levels that do not exceed 200 percent of the Federal Poverty Level;
- changes the composition of the partnership board;
- requires the Legislature to annually review the effectiveness of the child care purchasing pool program;
- authorizes state resource and referral agency to administer the child care purchasing pool funds for statewide business entities;
- provides for the development of procedures for disbursement of funds through the child care purchasing pools;
- deletes references to pilot child care purchasing pools; and
- revises parent fee requirements.

Section 2 provides an effective date of July 1 of the year in which the bill is enacted.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Participation in the program is voluntary. If a business chooses to participate, it must provide a dollar-for-dollar match.

2. Direct Private Sector Benefits:

Businesses that choose to participate in the program may enjoy higher employee retention rates which could lead to a reduction in recruitment and training costs and higher productivity.

3. Effects on Competition, Private Enterprise and Employment Markets:

Child care providers are encouraged to compete to become members of the child care purchasing pools. Businesses with the child care program could become at a competitive advantage for attracting employees.

D. FISCAL COMMENTS:

The bill broadens income eligibility requirements for working families to participate in child care purchasing pools. However, the allocation of funds is based on local matching contributions. The bill will not have a fiscal impact because participation is

voluntary and the department only is allocated a specified amount of matching funds to spend on the program.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce revenue raising authority.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of state tax shared with counties or municipalities.

V. COMMENTS:

The Department of Children and Family Services estimates that 39,000 to 40,000 children ages 0 to 5 lack child care and are from working families who earn up to 150 percent of the federal poverty level. If the income level is raised to 200 percent of the federal poverty level, an additional 51,000 children ages 0 to 5 could qualify. However, there is no way to accurately predict the number of families impacted because only the children with a parent who is an employee of a business that chooses to participate in the program could actually take advantage of the program.

If a central state agency is not authorized to administer the child care purchasing pool funds, there is the possibility major corporations that operate statewide may be reluctant to participate. A representative of NationsBank has indicated that NationsBank prefers that the administration be handled by one central agency and may not be able to continue participation unless it can work with one statewide entity because it has branch offices throughout Florida.

The Department of Children and Family Services is aware of businesses which have already set their own child care sliding fee scales and recommends that businesses be granted the flexibility to use other co-payment schedules.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

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VII. SIGNATURES:

COMMITTEE ON CHILDREN AND FAMILY EMPOWERMENT:

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